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LANSING

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Analysis of Enrolled House Bill 6599

Topic: Scrap Metal Dealers and Copper Theft
Sponsor: Representative Waters
Co-Sponsors: None
Committee: House Regulatory Reform
Senate Economic Development, Small Business & Regulatory Reform

Date Introduced: November 9, 2006

Date Enrolled: December 14, 2006

Date of Analysis: December 8, 2006

Position: The Department of Labor & Economic Growth supports the bill.

Problem/Background: Industrial growth abroad, primarily in India and China, has fueled a hot street market for stolen scrap metal, particularly aluminum and copper. Copper wire thefts are a serious worldwide problem. A quick survey of the Internet turned up instances in such diverse places as Australia, Guam, Italy, Namibia, and South Africa. Because of the cost of copper has tripled in the past few years, thieves find it attractive to steal the wire and resell it to scrap metal dealers for a considerable sum. Such thefts result in significant threats to the public safety, including cutting off telephone service to neighborhoods, dysfunctional traffic signals, stranded rail commuters, and occasionally death or serious injury to the perpetrators of these crimes. Some of the thefts have been bizarre and even brazen, including two miles of high voltage electrical line in Arizona, 400 parking meters in Pittsburgh, and a copper dome from an Ohio church. The primary targets of choice in Michigan are telephone and electric utilities and construction sites. A recent *Oakland Press* article notes that one Ann Arbor plumbing supply company charges \$17 for a 10-foot length of copper pipe compared to \$3.93 in mid-2003. A Detroit electric contractor quoted in the same article noted that the price on No. 12 wire has gone from \$93.78 per 1,000 feet in April, 2006 to \$148.11 a month earlier. A representative of AT&T noted in Senate committee that Michigan has more instances of cable thefts than any state in the Midwest.

Description of Bill: The bill amends Act 350 of 1917 to make it a felony for a second hand or junk dealer to knowingly buy or sell stolen scrap metal. A person found guilty would be subject to imprisonment for not more than 3 years or a fine of not more than \$2,000, or both. Buying or selling scrap metal that the dealer has reason to believe was removed from a municipal utility building or jobsite would be a felony punishable by imprisonment for not more than 5 years or a \$10,000 fine, or both. The city, village, or county is authorized by the bill to inspect the premises of a licensed second hand or junk dealer during normal business hours. The bill adds counties to the list of entities from which a second hand or junk dealer must obtain a license and

eliminates the population limits. The licensure requirement will now apply statewide. Public Act 231 of 1945, which also regulates second hand and junk dealers, would be repealed.

The Senate amended the bill to insert a definition of “industrial scrap” and exclude a licensed junk yard dealing principally in industrial scrap from the definition of “second hand dealer” or “junk dealer”.

Summary of Arguments

Pro: Theft of copper wire for resale is a growing and pervasive problem throughout the world. Although there have been many arrests, the lack of stringent penalties for unscrupulous scrap dealers who knowingly buy stolen wire is a serious obstacle to effectively stopping this crime.

Con: It is difficult to believe that the bill would successfully deter the buying and selling of stolen scrap metal. As a practical matter, it may be very difficult to prove that the dealer knew that the scrap metal was stolen. Also, there are different standards in the bill. In the case of stolen scrap metal, the dealer is required to know that the material is stolen. In the case of stolen metal removed from a municipal utility building or jobsite it is sufficient that the dealer has reason to believe the material is stolen.

Fiscal/Economic Impact: The bill will have no direct fiscal impact on the state or the department.

Other State Departments: The State Police and the Attorney General may have an interest in this bill.

Any Other Pertinent Information: A related bill, House Bill 6630, amends the Code of Criminal Procedure to provide sentencing guidelines for the new felonies created in House Bill 6599.

Administrative Rules Impact: There are no administrative rules or rulemaking authority related to the bill.